

Volinia Township

Financial Statements

March 31, 2006

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <u>VOLINIA TWP</u>	County <u>ST JOSEPH</u>
Audit Date <u>3-31-06</u>	Opinion Date <u>8-29-06</u>	Date Accountant Report Submitted to State <u>9-18-06</u>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <u>David F. Looney, CPA, PC</u>			
Street Address <u>6703 N. M-166</u>	City <u>Sturgis</u>	State <u>MI</u>	ZIP <u>49091</u>
Accountant Signature <u>[Signature]</u>			

VOLINIA TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

To the Township Board
Township of Volinia Cass County
Decatur, Michigan

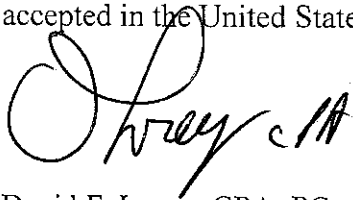
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Volinia, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Volinia, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, management has not reported its financial statement under GASB 34 reporting format. As a result, no management discussion and analysis report, government wide statement of net assets, or government wide statement of activities is included. Management has not recorded certain general assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United State of America, the financial position of the governmental activities of the Township of Volinia, Michigan, as of March 31, 2006, and the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Volinia, Michigan as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "D. Locey" with a stylized flourish at the end.

David F. Locey, CPA, PC
Sturgis, Michigan
August 29, 2006

Volinia Township - Cass County
Combined Balance Sheet
All Fund Types
March 31, 2006

	Governmental Fund Types	Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Trust and Agency	General Fixed Assets	Reporting Entity
<u>ASSETS</u>				
Cash	\$114,906	\$586	\$0	\$115,492
Receivables				
Taxes and State	24,020	0	0	24,020
Fixed Assets, at Cost, No Allowance				
For Depreciation	0	0	111,268	111,268
Prepaid Expenses	7,691	0	0	7,691
Total Assets	<u>\$146,617</u>	<u>\$586</u>	<u>\$111,268</u>	<u>\$258,471</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Accounts Payable	2,644	\$0	\$0	\$2,644
Total Liabilities	<u>2,644</u>	<u>0</u>	<u>0</u>	<u>2,644</u>
Fund Equity				
Reserved for				
Perpetual Care	0	586	0	586
Fire/Ambulance	(76,237)	0	0	(76,237)
Unreserved--Undesignated	220,210	0	0	220,210
Investment In General Fixed Assets	0	0	111,268	111,268
Total Fund Equity	<u>143,973</u>	<u>586</u>	<u>111,268</u>	<u>255,827</u>
Total Liabilities and Fund Equity	<u>\$146,617</u>	<u>\$586</u>	<u>\$111,268</u>	<u>\$258,471</u>

Volinia Township - Cass County
Combined Statement of Revenues, Expenditures And Changes In Fund Balances
All Governmental Fund Types
For the Year Ended March 31, 2006

	Governmental Funds	Total (Memorandum Only) Reporting Entity
	General	
Revenues		
Taxes	\$70,907	\$70,907
Licenses, Permits, and Fees	13,022	13,022
State Grants	80,878	80,878
Charges for Services	11,581	11,581
Interest	987	987
Other Revenue	1,026	1,026
Total Revenues	<u>178,401</u>	<u>178,401</u>
Expenditures		
Current		
Legislative-Township Board	12,679	12,679
General Government	70,716	70,716
Public Safety	67,504	67,504
Public Works	36,968	36,968
Total Expenditures	<u>187,867</u>	<u>187,867</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,466)</u>	<u>(9,466)</u>
Other Financing Sources (Uses)		
Operating Transfers In	0	0
Operating Transfers (Out)	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(9,466)	(9,466)
Net Assets - Beginning of the Year	<u>153,439</u>	<u>153,439</u>
Net Assets - End of the Year	<u><u>\$143,973</u></u>	<u><u>\$143,973</u></u>

Volinia Township - Cass County
Statement of Revenues, Expenditures And Changes In Fund Balances - Budget and Actual
General Fund
For the Year Ended March 31, 2006

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$60,500	\$70,907	\$10,407
Licenses, Permits, and Fees	6,150	13,022	6,872
State Grants	70,000	80,878	10,878
Charge for Services	7,700	11,581	3,881
Interest	505	987	482
Other Revenue	500	1,026	526
Total Revenue	145,355	178,401	33,046
Expenditures			
Legislative	13,800	12,679	1,121
General Government	84,750	70,716	14,034
Public Safety	88,070	67,504	20,566
Public Works	35,595	36,968	(1,373)
Total Expenditures	222,215	187,867	34,348
Excess of Revenues Over (Under) Expenditures	(76,860)	(9,466)	67,394
Other Financing Sources (Uses)			
Operating Transfers In	0	0	0
Operating Transfers (Out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(76,860)	(9,466)	67,394
Net Assets - Beginning of the Year	153,439	153,439	0
Net Assets - End of the Year	\$76,579	\$143,973	\$67,394

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County
Statement of Revenues, Expenditures and Changes In Fund Balances - Nonexpendable Trust Fund
For the Year Ended March 31, 2006

	FIDUCIARY FUND TYPE
	Non- Expendable Cemetery Trust
Nonoperating Revenues	
Interest Earned on Investments	\$0
Total Nonoperating Revenues	0
Nonoperating Income (Loss)	0
Nonoperating Revenues (Expenses)	
Transfers In (Out)	0
Total Nonoperating Revenues (Expenses)	0
Net Income	0
Net Assets - Beginning of the Year	586
Net Assets - End of the Year	\$586

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County
Statement of Cash Flows
Nonexpendable Trust Fund
For the Year Ended March 31, 2006

	FIDUCIARY FUND TYPE
	Non- Expendable Cemetery Trust
Cash Flows From Noncapital Financing Activities	
Transfers In (Out)	\$0
Net Cash Provided by Noncapital Financing Activities	0
Cash Flows From Investing Activities	
Interest on Investments	0
Net Cash Provided by Investing Activities	0
Net Increase (Decrease) in Cash and Cash Equivalents	0
Cash and Cash Equivalents at Beginning of Year	586
Cash and Cash Equivalents at End of Year	\$586

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County
Notes to Financial Statements
For the Year Ended March 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Volinia Township is located in Cass County and provides services in many areas including public safety, highways and streets, and general administrative services. The Township is governed by a five member board elected by the citizens of Volinia Township. The board consists of the supervisor, clerk, treasurer and two trustees who reside in the community.

PRINCIPLES USED IN DETERMINING THE SCOPE OF ENTITY FOR FINANCIAL REPORTING PURPOSES

REPORTING ENTITY

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component units (none). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included.

BASIS OF PRESENTATION

FUND ACCOUNTING

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUND TYPES

General Fund - This fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, State revenue sharing distributions, and permits.

FIDUCIARY FUND TYPES

Trust and Agency Funds - Used to account for the assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

Volinia Township, Cass County
Notes to Financial Statements - Continued
For the Year Ended March 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

GENERAL FIXED ASSETS ACCOUNT GROUP

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in general fixed assets account group, rather than in governmental funds. Assets are stated at cost at the date of original acquisition. No depreciation is recorded for these general fixed assets.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

GOVERNMENTAL FUNDS

All governmental funds utilize the modified accrual basis of accounting which provides that revenues be recorded when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred.

FIDUCIARY FUNDS

The fiduciary funds are maintained on a cash basis which is consistent with the accounting measurement objectives of the funds. Reporting these funds on a cash basis does not have an effect materially different from reporting them on the accrual or modified accrual basis as required by generally accepted accounting principles.

Nonexpendable trust funds use the full accrual basis of accounting. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual, that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred.

Volinia Township, Cass County
Notes to Financial Statements - Continued
For the Year Ended March 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

BUDGETS AND BUDGETARY ACCOUNTING

The annual budget is prepared by the Township Board and adopted by the Township Board at the annual public hearing. All subsequent amendments to the budget are approved by the Township Board. The General Fund is under formal budgetary control. The budget has been prepared in accordance with generally accepted accounting principles. The budget has been adopted on an activity basis.

All encumbrances lapse at the end of each fiscal year.

Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted.

Public Act 621 of 1978, Section 18 (1), as amended, requires the adoption of a balanced budget for the General Fund, as well as budget amendments as needed to prevent actual expenditures from exceeding those amounts appropriated.

No expenditures exceeded appropriate amounts.

REVENUE RECOGNITION - PROPERTY TAX REVENUE RECOGNITION

The Township's 2005 ad valorem tax is levied and collectible on December 1, 2005, based on the assessments made the previous December 31. It is the Township's policy to recognize revenues from the current tax levy in the current year when the proceeds of this levy are budgeted and made available for financing of the Township operations. Property taxes are recognized when levied since the County purchases the delinquent taxes each year.

TOTAL COLUMN ON COMBINED STATEMENTS -- OVERVIEW

The total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund elimination's have not been made in the aggregation of this data.

Volinia Township, Cass County
Notes to Financial Statements - Cass County
For the Year Ended March 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

CASH AND CASH EQUIVALENTS

Deposits are carried at cost. Deposits of the Township are at one bank in the name of Volinia Township. Michigan compiled Laws (MCL), Section 129.91, authorizes a local unit to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Governmental Accounting Standards Board (GASB) Statement No. 3, risk disclosures for the Township's cash deposits are as follows:

	<u>Reporting Unit</u>
<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$100,000
Uninsured	<u>14,906</u>
Total Deposits	<u>\$114,906</u>

Cash equivalents are money market accounts with maturity of 90 days or less - because of liquidity they are considered the same as cash.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Volinia Township, Cass County
Notes to Financial Statements - Continued
For the Year Ended March 31, 2006

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township has participated in the Michigan township Participating Plan (MTPP) since January 1, 1987. The plan covers general liability, non-owned/hired automobile liability, errors and omissions, property damage, and inland marine. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MTPP was created pursuant to the authority of a: Article 7, Section 28, Michigan Constitution of 1963; b) Section 1, Chapter 124, Michigan Compiled Laws (PA No. 35, 1951, as amended by PA No. 138, 1982). The Township voted unanimously to enter into this cooperative action agreement October 2, 1986 and have continued their membership since.

The Michigan Township Participating Plan was established April 1, 1985, pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member; to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect, in accordance with this agreement, any member of the authority against liability or loss. The powers and duties created hereunder and the described activities of the plan are not intended to constitute the issuance of a policy of insurance. The members intend, in the creation of the plan, to establish an organization for joint risk management and have not created as between member and member any relationship for the debts of or claims against any member.

The MTPP, while it operates under the Michigan Legislation of PA 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Participating Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself by purchasing reinsurance. Participating Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverage's 100 percent, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The Plan has reinsured 100 percent of its loss reserves and consequently has not reflected a liability for loss reserves on its balance sheet. In July 1992, the Plan entered into a negotiated settlement with Governmental Casualty Insurance Company (GCIC) and agreed to execute a commutation agreement whereby liability for all risks assumed by GCIC under their reinsurance agreements with the plan would be commuted back to the Plan. The Plan entered into a similar agreement with American Commercial Liability Insurance Company.

Volinia Township, Cass County
Notes to Financial Statements - Continued
For the Year Ended March 31, 2006

Based on actuarial study performed by William M. Mercer, Inc., the MTPP had the following open case reserves and IBNR reserves at June 30, 1996 under these commutation agreements:

Case Loss Reserves	IBNR Reserves	Total Reserves
\$313,550	\$31,252	\$344,802

At June 30, 1996, the Plan has reinsurance limits in the amount of \$693,119 to cover the reserves.

The plan has continued to use the services of Integrated Runoff Insurance Services Corporation (IRISC) to assist in formalizing loss reserve standards and in settling loss and loss adjustment expense reserves. IRISC has maintained its philosophy that the potential for governmental immunity should be ignored when setting case reserves, even though trends continue to indicate that average cases close for substantially less than the reserve estimates.

POST EMPLOYMENT BENEFITS

The Township participates in a money purchase pension plan, this defined contribution plan of which the employer pays 10% of the employees annual compensation and the employee pays 0%. The plan administrator is Municipal Retirement Systems out of Waterford, Michigan. There are no vesting requirements and no exclusions of compensation. An Eligible employee shall become a participant as of the first day of the plan year on the next following date on which he or she meets the requirements. During the current year \$2,638 was the contribution funded by the Township for the participating employees.

COMMITMENTS AND CONTINGENCIES

Management of the Township is not aware of any material commitments or contingent liabilities.

FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 04/01/2005	Additions	Deletions	Balance 03/31/2006
Equipment & Buildings	\$111,268	\$0	\$0	\$111,268
Total	<u>\$111,268</u>	<u>\$0</u>	<u>\$0</u>	<u>\$111,268</u>

GASB 34 REPORTING FINANCIAL

Township has elected not to convert to GASB 34 format, therefore assets owned by the Township such as building and equipment are not stated at current values as of 03/31/06, also no current charge is being recorded for current year depreciation. Accordingly the Management and Discussion Analysis Letter, Statement of Net Assets, and Statement of Activities are not included per GASB 34 format.

Volinia Township - Cass County
Statement of Revenues And Other Financing Sources Budget And Actual - General Fund
For the Year Ended March 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property Taxes			
Current Property Taxes	\$54,000	\$61,919	\$7,919
Property Tax Administration Fee	6,500	8,988	2,488
Total Property Taxes	60,500	70,907	10,407
Licenses and Permits			
Permits - Fees	6,150	13,022	6,872
Total Licenses and Permits	6,150	13,022	6,872
State Aid	70,000	80,878	10,878
Total State Aid	70,000	80,878	10,878
Charge for Services			
Landfill	1,000	1,131	131
Burial Fees	2,500	5,675	3,175
Lot Sales	100	763	663
Dust Control	4,100	4,012	(88)
Total Charge for Services	7,700	11,581	3,881
Interest	505	987	482
Total Interest	505	987	482
Other Revenue			
Rent	300	460	160
Miscellaneous - Other Revenue	200	566	366
Total Other Revenue	500	1,026	526
Total Revenue	145,355	178,401	33,046
Other Financing Sources			
Operating Transfers In	0	0	0
Total Other Financing Sources	0	0	0
Total Revenue and Other Financing Sources	\$145,355	\$178,401	\$33,046

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County
Statement of Expenditures Budget And Actual - General Fund
For the Year Ended March 31, 2006

	Budget	Actual	Variance Favorable (Unfavorable)
Legislative			
Township Board	\$13,800	\$12,679	\$1,121
Total Legislative	13,800	12,679	1,121
General Government			
Supervisor	7,417	7,300	117
Assessor	12,576	10,118	2,458
Township Hall	11,635	3,203	8,432
Clerk	8,987	8,573	414
Board of Review	1,360	1,203	157
Treasurer	15,425	15,760	(335)
Cemetery	24,525	23,662	863
Zoning Board of Appeals	960	250	710
Election	1,865	647	1,218
Total General Government	84,750	70,716	14,034
Public Safety			
Fire Protection/Ambulance	57,000	54,600	2,400
Inspection Services	14,400	8,883	5,517
Planning Commission Board of Appeals	16,670	4,021	12,649
Total Public Safety	88,070	67,504	20,566
Public Works			
Roads/Dust Control	28,070	29,357	(1,287)
Landfill	7,525	7,611	(86)
Total Public Works	35,595	36,968	(1,373)
Total Expenditures	\$222,215	\$187,867	\$34,348

The Notes to Financial Statements are an integral part of this statement.

Volinia Township - Cass County
Combining Balance Sheet - Trust and Agency Funds
March 31, 2006

	AGENCY FUND	TRUST FUND	
	Tax Collection	Non Expendable Cemetery	Total
<u>ASSETS</u>			
Cash and Interest Bearing Deposits	\$0	\$586	\$586
Total Assets	<u>\$0</u>	<u>\$586</u>	<u>\$586</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities	\$0	\$0	\$0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity			
Reserve for Perpetual Care	0	586	586
Total Fund Equity	<u>0</u>	<u>586</u>	<u>586</u>
Total Liabilities and Fund Equity	<u>\$0</u>	<u>\$586</u>	<u>\$586</u>

Volinia Township - Cass County
Combining Statement Of Changes In Assets And Liabilities - All Agency Funds
For the Year Ended March 31, 2006

TAX COLLECTION FUND

	<u>April 1, 2005</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>March 31, 2006</u>
Assets				
Cash	<u>\$0</u>	<u>\$917,543</u>	<u>\$917,543</u>	<u>\$0</u>
Total Assets	<u>\$0</u>	<u>\$917,543</u>	<u>\$917,543</u>	<u>\$0</u>
Liabilities				
	<u>\$0</u>	<u>\$917,543</u>	<u>\$917,543</u>	<u>\$0</u>
Total Liabilities	<u>\$0</u>	<u>\$917,543</u>	<u>\$917,543</u>	<u>\$0</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Volinia Township Board
Decatur, Michigan

We have audited the general purpose financial statements of the Township of Volinia, as of and for the year ended March 31, 2006, and have issued our report thereon dated August 29, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Volinia's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Volinia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

DAVID F. LOCEY, C.P.A., P.C.

Sturgis, Michigan
August 29, 2006

David F. Locey, CPA, PC

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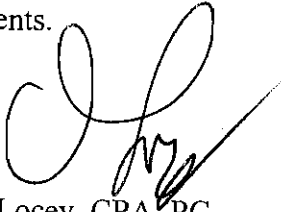
COMMENTS AND RECOMMENDATIONS

Volinia Township
Decatur, Michigan

In the course of examining your records for the year ended March 31, 2006, the records were in very good shape in most instances.

We did give a separate letter to the Township treasurer on methods we feel need to be improved regarding the record keeping on summarizing tax receipts and disbursements to tie out to the counties settlement sheets.

Again, we appreciate the opportunity of auditing your records and look forward to future engagements.



David F. Locey, CPA, PC
August 29, 2006